

down the line the interest rate will be lower so the thought is, why not let city or political subdivisions of any type issue a new set of bonds under the lowest interest rate, take the money they get from the new set of bonds and pay off the old set of bonds which will have the effect of reducing their interest rates. So we do that all the time in the State of Nebraska but the other thing we do is what is called advanced refunding and the difference is basically this. If you.... all bonds in the State of Nebraska have a five year call provision, that is they are not callable until five years have expired. If you are doing the refunding issue after five years has expired then of course you have no problem. You can pay off the first issue because they are refundable. But if five years has not expired then you can't call that initial issue. It has to remain outstanding for five years, so we do what is called an advance refunding, that is, we issue a second issuance of bonds and the proceeds from that issuance of bonds are held in trust to pay off the first bonds and at such time as they become due or are callable, then they are paid off. That is the difference between an advance refunding and a refunding. Advanced refundings are presently allowed under the law for a number of political subdivisions. What this bill does is to make uniform the law of advanced refunding and allow that technique to be used for all political subdivisions. Okay, so the federal government requirements, the registered bonds and related items and then the advanced refunding item are what the bill is all about. Thank you.

PRESIDENT: Is there further discussion on the bill? If not, the motion is to advance LB 421 from General File to E & R for review. All those in favor vote aye, opposed vote no. Have you all voted? The Clerk will record the vote.

CLERK: 30 ayes, 0 nays, Mr. President, on the motion to advance the bill.

PRESIDENT: The bill is advanced. LB 107.

CLERK: Mr. President, LB 107 offered by Senator Vard Johnson is a bill...(Read.) The bill was read on January 7, referred to the Judiciary Committee. The bill was advanced to General File, Mr. President. There are Judiciary Committee amendments pending.

PRESIDENT: There are committee amendments and the Chair would recognize Senator Beutler for explanation of the committee amendments. LB 107.